

CALIFORNIA EXPOSITION & STATE FAIR

Minutes of the Board of Directors Regular Meeting

Held Pursuant to Due Notice
Friday, January 30, 2009

California Exposition & State Fair
Administration Building Boardroom
1600 Exposition Boulevard
Sacramento, CA 95815

Directors Present

Amparo Pérez-Cook, Chair
Gil Albiani, Vice Chair
Director Marko Mlikotin
Director Kathy Nakase
Director Rex Hime
Director Marilyn Hendrickson
Director Steve Beneto
Director Corny Gallagher
Director Bert Johnson, M.D.
Director Richard Cuneo

Directors Absent

Director Rick Stacey

Ex Officio Members Absent

Assembly Member Dave Jones
Senator Darrell Steinberg

Staff Present

Norbert J. Bartosik, General Manager/CEO (GM)
Brian A. May, Deputy General Manager (DGM)
David Elliott, Assistant General Manager, Racing (AGM)
Erica Manuel, Assistant General Manager, Marketing & Public Relations (AGM)
Patricia Garamendi, Assistant General Manager, Programs (AGM)
Amy Casias, Assistant General Manager, Fiscal Services (AGM)
Marcia Shell, Admissions, Parking & RV Park Manager
Paul Gillingham, Entertainment Coordinator
Mark Dannewitz, Maintenance Operations Manager
Robert Craft, Chief of Police
Jeannie Schlenker, Lieutenant
Greg Kinder, Exhibits Supervisor
Tomme Jo Dale, Programs Assistant
Brian Honebein, Sponsorship Sales
Tina Novoa, Special Events Coordinator
Jan Risso, Contracts Manager
Randy Brink, Cal Expo Volunteer
Linda Contreras, Recording Secretary

Others Present*

Jerry Blair, Deputy Attorney General (DAG)
Norm Towne, Legislative Advocate
Sonney Chong, Representative for Assembly Member Dave Jones
Victoria Harrison, Representative for Senator Darrell Steinberg
Jane Einhorn, Runyon Saltzman & Einhorn
T. J. Plew, CEO, Sacramento County Fair
Laurie Casper, Board Director, Sacramento County Fair
Earl Butler, Butler Amusements
Rich Byrum, Butler Amusements
Lance Moyer, Butler Amusements
Jill Moyer, Butler Amusements
Kellie Butler, Butler Amusements
Frank Russell, Senior Chaplin, Law Enforcement Chaplaincy
Tom Gallagher, Chaplin, Law Enforcement Chaplaincy
Sue Sims, Chief Deputy Director, Department of Water Resources
Jim Crandall, Fox40

*May not include all others present in the room or arriving late.

1. CALL TO ORDER

The meeting was called to order by Chair Pérez-Cook at 12:40 p.m.

Chair Pérez-Cook read the Mission Statement, Policy Statement and Public Comments Statement.

2. ROLL CALL AND DIRECTORS ABSENT

Roll call was taken by GM Bartosik and a quorum was present. Director Stacey had asked to be excused and was not present.

3. PLEDGE OF ALLEGIANCE

Chair Pérez-Cook lead everyone in the Pledge of Allegiance.

4. INTRODUCTION OF GUESTS & STAFF

Introduction of Guests and Staff were made around the room.

5. SPECIAL CONTRIBUTION & PRESENTATIONS

a. Contribution by the Board to the Law Enforcement Chaplaincy Program

Chief Craft introduced Senior Chaplain, Frank Russell and Chaplin, Tom Gallagher with the Law Enforcement Chaplaincy Program.

Senior Chaplain, Frank Russell provided a brief description of the various services that is provided by the Chaplaincy Program.

Chair Pérez-Cook, on behalf of the Board, presented a check in the amount of \$2,000 to the Law Enforcement Chaplaincy Program.

Senior Chaplin, Frank Russell thanked the Board for the contribution.

b. Ag Sweepstake Award Presentation by the Board to the Department of Water Resources

AGM Garamendi introduced Chief Deputy Director, Sue Sims with the Department of Water Resources.

Chair Pérez-Cook, on behalf of the Board, presented Sue Sims with the International Association of Fairs & Expositions "Ag Sweepstake Award".

Chief Deputy Director, Sue Sims, thanked the Board and looks forward to continuing the partnership with the State Fair.

6. MINUTES OF MEETING

a. Board Committees & Meeting Minutes of December 12, 2008

Motion:

It was moved by Director Nakase and seconded by Director Beneto to approve the minutes of the December 12, 2008 meeting as mailed. **All in favor, motion carried.**

7. STAFF REPORTS

a. State Fair, Agriculture & Marketing Committee Report – Vice Chair Albani

AGM Manuel reviewed her report included in the Board packet. AGM Manuel distributed the Staff Goals for 2009 that were adopted by the Board on October 31, 2008. A copy is attached and made part of the record.

Sponsorship Sales, Brian Honebein provided an update to the Board on sponsorships.

AGM Manuel introduced Jane Einhorn with Runyon Saltzman & Einhorn the State Fair's new ad agency. A presentation of the main objectives and strategies for this year's State Fair campaign was presented to the State Fair, Agriculture & Marketing Committee. A presentation will be brought back to the Board next month.

Director Nakase suggested that the Cultural Advisory Council seek community support for funding the Step-Up Program.

Director Hime thanked the Staff for the update on the Staff Goals and suggested that the title be changed to Cal Expo Goals for 2009. A copy is attached and made part of the record.

GM Bartosik reported on the large number of recognition awards received this year from Western Fairs Association.

AGM Garamendi reviewed her report included in the Board packet.

A discussion ensued about the LA Times story on wine judges at the California State Fair.

b. Horse Racing Committee Report – Director Beneto

Director Beneto referred the Board to AGM Elliott's reports included in the Board packet.

The Horse Racing Committee will be meeting with representatives of the California Harness Horsemen Association.

c. Operations & Planning Staff Reports

DGM May reviewed the reports included in the Board packet.

Director Beneto asked if the public is able to view the September 11 Memorial? DGM May reported that it is opened during scheduled Interim Events. Discussion ensued.

d. Real Estate Committee Report – Director Hime

Director Hime reported on a video conference meeting last week with the NBA and their representatives for an update on a new master plan and economic analysis for the redevelopment of Cal Expo. The goal is to wrap up the work in time to make a presentation to the Board at its February 27 meeting. Cal Expo has retained Gruen & Gruen to do a peer review of the work being done by the NBA's economists.

Director Mlikotin asked that the Department of General Services be invited to attend the February meeting.

e. Executive Committee Report – Chair Pérez-Cook

GM Bartosik reported that the Committee recommends approval of the Termination Agreement with Ray Cammack Shows and the Midway Agreement with Butler Amusements.

AGM May reported that the American River Parkway Plan has been adopted by the cities of Sacramento, Rancho Cordova and the County of Sacramento and will be forwarded to the Legislature for adoption.

An amendment of the Bushy Lake Preservation Act is required to conform to the American River Parkway Plan. Currently, we're happy with the language in the bill.

Legislative Advocate, Norm Towne, reported to the Board that Western Fairs Association is working on an economic stimulus package for Fairs which would include capital improvement money for Cal Expo. Legislation may be introduced this session.

8. FINANCIAL REPORTS

a. Monthly Financial Statements for November 2008

- b. Accounts Receivable Report
- c. Contracts/Purchases Requiring Board Approval
- d. Contracts/Purchases Requiring Board Notification

Director Gallagher reviewed financial reports included in the Board packet. His review included a hand out today that summarized the 2009 Budget. A copy is attached and made part of the record.

The Committee recommends that a full finance report be presented on a quarterly basis and that the monthly reports focus on the trend indicators.

Director Gallagher reported the Policy on Accounts Receivables Aging was tabled by the Committee and will be brought back next month.

Director Nakase asked if Cal Expo employees will need to comply with the Governor's Furlough program. GM Bartosik reported that early indications are that Cal Expo will need to comply but that Cal Expo is still in the process of working with the Department of Food & Agriculture on this matter.

Motion:

It was moved by Director Gallagher and seconded by Director Hime to approve the monthly financial statements for November 2008 including A through D. Discussion ensued.

Director Cuneo asked if these purchases/contracts were in the budget. Director Gallagher reported that the allocated costs were in the budget.

Director Mlikotin asked Staff to include on future purchases/contracts any specific savings provided to Cal Expo.

Vice Chair Albiani commented that Staff should encourage all contractors or anyone doing business with the State Fair be part of the team and participate in Sale of Champions, the Gala, Sponsorships, etc.

Director Hime asked if Staff knows about Cal Expo's energy efficiencies. DGM May reported that SMUD completes an annual report and this will be provided to the Board when received. **All in favor, motion carried.**

9. CONSENT CALENDAR

- a. For Board Approval Staff & Ad Hoc Committee Recommendations of By-Laws & Ethic Training Requirement Revisions to the Policy & Procedure Manual

GM Bartosik distributed updated revisions of the By-Laws for the Board's review. A copy is attached and made part of the record.

MOTION:

It was moved by Director Hime and seconded by Director Nakase to approve the updated revisions of the By-Laws & Ethics Training Requirement to the Policy & Procedure Manual. **All in favor, motion carried.**

10. CORRESPONDENCE

11. UNFINISHED BUSINESS

- a. Update on Activity Regarding Potential New Fairgrounds and Arena (Report Only No Action to be Taken)

This report was provided in the Real Estate Committee report.

12. NEW BUSINESS

- a. Review for Action Executive Committee & Staff Recommendations on Termination Agreement with Ray Cammack Shows

The Executive Committee recommends approval with some clarification or change to the paragraph addressing the Monorail. The changes will be approved by DAG Blair.

Motion:

It was moved by Director Hime and seconded by Director Johnson to accept the Committee's recommendation for approval of the Ray Cammack Shows Termination Agreement as modified without the Skyride. Discussion ensued.

Director Mlikotin asked why litigation wasn't addressed. It was the opinion of Staff and counsel to agree to termination in lieu of litigation. According to counsel, Ray Cammack Shows may have prevailed on the argument that the change in dates made it impossible for Ray Cammack Shows to fulfill their agreement. **All in favor, motion carried.**

- b. Review for Action Executive Committee & Staff Recommendations on Midway Agreement with Butler Amusements

GM Bartosik reported that Butler Amusements was the only qualified submittal to Cal Expo's Letter of Intent.

A tentative agreement between Cal Expo and Butler Amusements is before the Board for approval.

President and Owner, Butch Butler, introduced members of Butler Amusements and provided some background on the company.

Director Cuneo asked Butler about the interest in a five year lease versus the proposed ten year lease. Director Cuneo retracted his comment.

DAG Blair reported that the only early termination resides with Cal Expo for failure to perform or cause.

Mr. Butler reported that it carries the State required minimum 5 million in liability insurance.

This is a ten year agreement. There is no out clause for Butler. Cal Expo can terminate the agreement for cause.

Discussion ensued on subjects such as uniforms, drug testing and ride safety.

Motion:

It was moved by Director Hime and seconded by Director Nakase to accept the Committee's recommendation for approval of the Midway Agreement with Butler Amusements. **All in favor, motion carried.**

- c. Review for Action Executive Committee & Staff Recommendations on American River Parkway Plan and Proposed Amendments to the Bushy Lake Preservation Act

This was addressed in the Operations & Planning staff report.

13. NEW BUSINESS

- a. Public Comments

Randy Brink provided his report.

- b. Director's Comments

Chair Pérez-Cook reminded Board members to please read emails that are sent to them.

- c. Manager's Comments

- d. Next Board Meeting – **Friday, February 27, 2009**

- e. Other, if any

RECESS

The meeting was recessed for Closed Session at 2:55 p.m.

14. CLOSED SESSION

For legal purposes of discussing pending litigation under Government Code §11126. The Board will meet in Closed Session to confer with and/or receive legal advice from counsel on the matters as listed.

Closed Session commenced at 3:07 p.m. pursuant to Government Code 11126(e) to confer with and/or receive legal advice from counsel on:

1. Southern California Off Track Wagering, Inc., a California Corporation v. Capitol Racing, LLC, a California Limited Liability Company, Sacramento Harness Association, a California Corporation, California Exposition and State Fair, and Does 1 through 10
2. Andre C. Griffin v California State Exposition and Fair, et al
3. Irely, Pam v Flying 'U' Rodeo Co., Inc., et al

A status on each claim was given by DGM May and DAG Blair and there was no reportable action taken.

15. ADJOURNMENT

The meeting was reconvened at 3:30 p.m. with no reportable action taken by the Board. With no further business to discuss, a motion was requested to adjourn the regular meeting by Chair Pérez-Cook.

Motion:

It was moved by Director Hime and seconded by Director Nakase to adjourn the Board meeting. **All in favor, motion carried.**

DISCOUNTS & PROMOTIONS

1. Unlimited Ride Wristbands: \$28 in advance, \$30 weekdays, \$35 weekends.
2. Kids Day Tuesdays: \$1 rides on Tuesdays, all day, FREE admission for ages 12 and under.
3. Senior Days (Fridays): \$6 before 6 pm for ages 62 and older.
4. Fun 4 All Day: FREE admission for select disabled groups on 1 day.
5. Fun Fair Combo Pass: Season pass to Raging Waters and State Fair for a deep discount. Sales begin in May 2009.

AWARENESS/PR

1. Business Incentive Program: Provide ticket incentive for businesses that help promote the State Fair.
2. Engage community partners year round to support interim events business and State Fair ticket sales. Work with Interim Events sales team to support staffing constraints.

REVENUE PRODUCING IDEAS

1. Holiday Poppy Pak Sales: Sold 715 Poppy Paks from 12/15/08 – 1/15/09.
2. Grape & Gourmet: Restructured event could provide new sponsorship opportunities, especially over a 3-year program.
3. Website Sponsorship: Consider premium sponsorships (not more than 3) at our website.
4. Wine Magazine Ad Sales: Identify select non-wine partners to participate; reduce editorial hard costs.
5. Support Horseracing: More advertising, attendance driving promotions to increase handle.
6. School Fundraiser program: Donate a percentage of profits to local schools based on online sales and State Fair attendance. Higher attendance = greater pool of funding.
7. Focus on the Hispanic market and other recession proof demographics.
8. Continue to focus on increased corporate sales sites.

STAFF GOALS FOR 2009

1. Finish the fiscal year with a positive fund balance.
2. Continue to promote and enforce a zero tolerance policy on unruly and illegal behavior through the continued cooperation and support of the Sacramento Police and Sheriff's Department, District Attorney's Office and the California Highway Patrol. Expand the surveillance system to the West Gate.
3. Create a midway wristband promotion sold on line in advance of opening day.
4. Encourage public/private partnerships and reach out to competing events such as festivals and concerts to use the fairgrounds year round, including Fair time.
5. Increase the number of Thoroughbred racing days and utilize the grandstand for concerts and special events on non-racing days during the Fair.
6. Promote opening weekend attendance with strong programmatic elements and heavy promotion.
7. Develop an advance sales discount and fundraising program which appeals to schools, community organizations and the public at large, to increase overall awareness and paid attendance.
8. Create new and innovative fair programs to reach non-Fair goers.
9. Develop a 3-5 year business plan which provides for annual increases in State Fair paid attendance and growth in the interim events program.
10. Develop a long term land use plan which provides income for capital improvements.
11. Explore changes to Cal Expo's governance structure for greater operational flexibility.
12. Support the State's Green Initiative by reducing Cal Expo's carbon footprint and greenhouse gas emissions.
13. Defend our space.

CAL EXPO GOALS FOR 2009

1. Finish the fiscal year with a positive fund balance.
2. Continue to promote and enforce a zero tolerance policy on unruly and illegal behavior through the continued cooperation and support of the Sacramento Police and Sheriff's Department, District Attorney's Office and the California Highway Patrol. Expand the surveillance system to the West Gate.
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8. Develop an advance sales discount and fundraising program which appeals to schools, community organizations and the public at large, to increase overall awareness and paid attendance.
9. Create new and innovative fair programs to reach non-Fair goers.
10. Develop a 3-5 year business plan which provides for annual increases in State Fair paid attendance and growth in the interim events program.
11. Develop a long term land use plan which provides income for capital improvements.
12. Explore changes to Cal Expo's governance structure for greater operational flexibility.
13. Support the State's Green Initiative by reducing Cal Expo's carbon footprint and greenhouse gas emissions.
14. Defend our space.

California Exposition & State Fair 2009 Budget Summary

Revenue Budget	\$ 29,396,462
Expense Budget (Less depreciation)	\$ 29,273,501
Net Profit/Loss from Operations	\$ 122,961
Less: Depreciation	\$ 2,200,000
Plus: Loan Repayment	\$ 278,500
Net change to reserves	\$ (1,798,539)

The 2009 Budget plans for a positive cash flow of \$122,961 and a net decrease to reserves of \$(1,798,539). Based on the budget, we will have a negative reserve of \$(1,129,557) or (3.9%) as of 12/31/2009.

Revenue Highlights:

State Fair-

- Due to the uncertainty in the economy the 2009 budget is based on paid attendance of 500,000 people, a decrease of 7.5%.
- Budgeted average ticket price is \$9.88, which translates to a \$2 increase in gate admissions, increasing general admission this year to \$12. It also accounts for a discounting program, including the Poppy Pak.
- Year round parking increases to \$10.
- All other revenue is decreased a minimum of 10% with sponsorship revenue budgeted down by 24% to \$1.9 million.
- Increase in entry fees of \$2-\$4 in Youth Exhibits and Industrial Education.
- Budgeted average revenue (Cal Expo only) per attendee is as follows: Admissions-\$9.88, Food & Beverage-\$3.81, Carnival-\$2.15, Parking, \$2.94

Interim-

- Due to declining attendance at events, budgeted revenue was decreased by 15% before parking increase.
- Simulcast revenue budget was decreased 10%
- Budgeted revenue for ATM surcharge
- All other revenue budgeted down at least 10%

Expense Highlights:

- Elimination of 16 vacant budgeted full time positions, total now at 87. \$1,000,000 savings.
- Reduction of temporary labor of approximately 10%.
- Reduction in Big Name entertainment of \$100,000
- Reduction in other entertainment stages-\$60,000
- Elimination of funding for Bull Fest and Cattlemen's Day Programming-\$110,000
- Decrease in funding for floriculture and state fair funding-\$140,000
- Elimination of funding for petting farm, it will no longer be free admission-\$22,000
- Decrease in deferred maintenance and capital improvements-\$536,000
- Budgeted increases include: fuel-\$30,000, Legal fees-\$100,000, Insurance-\$27,000, Property Insurance-\$55,000, COLA 7/1/08-\$156,000

State of California

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1600 Exposition Boulevard
Sacramento, CA 95815
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MEMORANDUM

Date: January 20, 2009
To: Board of Directors
California Exposition & State Fair
Via: Norbert J. Bartosik, General Manager/CEO
California Exposition & State Fair
From: Election Bylaws Ad Hoc Committee
Subject: January Board Report

The proposed changes to the Board of Directors Policy & Procedures Manual are being submitted to the Board for approval.

1. 3.3 ARTICLE III - OFFICERS

3.3.1 OFFICERS

The officers of Cal Expo shall be the Chair, Vice Chair, Secretary, and Treasurer. The Secretary and Treasurer shall not be selected from the Board, and one person may be both Secretary and Treasurer (herein recognized as the General Manager/CEO). The Board shall fix the term of office, bond, salary, and duties of the General Manager/CEO, with the approval of the State of California.

~~3.3.2~~ ELECTION

The officers of Cal Expo shall be elected by the Board at the annual meeting and each shall hold his/her office for a period of one (1) year and until his/her successor is elected, unless he/she shall resign or shall be removed or otherwise disqualified to serve. Both Chair and Vice Chair shall be eligible to ~~serve two (2) one-year terms, in each elected office~~ only one (1) term in each elected office. The following procedures shall apply to the election of officers.

~~The Chair shall appoint a Nominating Committee and the current Chair is not to serve on this committee in any capacity. The function of the Nominating Committee is:~~

- ~~• Meet annually (prior to the October Board meeting);~~

- ~~Nominate a Chair and Vice Chair for formal election at the October meeting. The Nominating Committee should, when making nominations, take the following into consideration:~~

~~1. Chair This should, whenever possible, be the outgoing Vice Chair~~

~~2. Vice Chair This should be a Director who has enough of his/her term remaining so that he/she may assume the office of the Chair the following year. The Vice Chair shall automatically become Chair should that office become vacant before the conclusion of the regular term.~~

1. The election of officers shall be held annually at the October Board meeting.
2. Directors, officers, staff, agents, and representatives acting on behalf of nominees are restricted from soliciting support for their candidacy or others, unless conducted at a publicly noticed meeting and in compliance with applicable law.
3. Each candidate shall make his/her interest in serving as an officer known to the General Manager (Secretary/Treasurer) no later than the September Board meeting. The names of all candidates and the office being sought shall be noticed for the October Board meeting.
4. To be elected, a candidate must receive a ~~minimum of six votes~~ majority of the votes (a quorum of voting members of the Board).
5. In considering candidates for office, the Board of Directors should take the following factors into consideration.
 - a. Seniority, experience and time remaining on the Board.
 - b. Compliance with all required ethics training.
 - c. Knowledge of the Board's bylaws, procedures and state laws governing the Cal Expo Board of Directors.
 - d. Availability and dedication needed to fulfill the duties.
 - e. Ability to communicate and work with other Directors and Staff.

3.3.3 REMOVAL AND RESIGNATION

Any officer may be removed with or without cause by an affirmative vote of two-thirds majority vote of the full Board at any Board or special meeting, except the General Manager/CEO. Dismissal of the individual holding the confidential-exempt position of General Manager/CEO must be in accordance with the provisions of Government Code §11126.

Any officer may resign at any time by giving written notice to the Board or to the Chair of the Board of Cal Expo. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein. The acceptance of such resignation shall not be necessary to make it effective.

3.3.4 VACANCIES

~~A vacancy in any office chair because of death, resignation, removal, disqualification, or for any other cause, shall be filled by the Board for the unexpired portion of the term.~~

1. Except for the position of Chair, a vacancy in any office chair because of death, resignation, removal, disqualification, or for any other cause, shall be filled by the Board for the unexpired portion of the term.
2. The Vice Chair shall automatically become Chair should that office become vacant before the conclusion of the regular term.

3.3.5 CHAIR

The Chair shall preside at all meetings of the Board and the Executive Committee and shall be an ex-officio member of all other committees. Should the Chair be not present at any meeting of the Board, the Vice Chair shall preside thereat. In the absence of the Chair and Vice Chair, the Senior Director with the greatest tenure shall preside. In the absence of the Chair, Vice Chair, and/or Senior Director, a Chair pro tem may be chosen to preside at such meeting. The Chair is a voting member of the Board on all actions taken by the Board. The Chair may also serve as a voting member of any committee when a quorum is needed to conduct its business.

3.3.6 VICE CHAIR

1. Acts on Chair's behalf in his/her absence.

2. ETHICS TRAINING REQUIREMENT

This requirement change will be to Section 17 – 17.2 General Manager’s Responsibilities and to Section 18 – 18.1 Directors Responsibilities.

All Directors and General Manager/CEO shall comply with a California law that requires state officials to complete an ethics training course **UPON APPOINTMENT AND EVERY TWO YEARS THEREAFTER**. Directors shall take the test ~~every two years and~~ within 60 days of being newly appointed to the Board **AND EVERY TWO YEARS THEREAFTER**. A certificate of ~~conformance~~ completion shall be submitted to the General Manager/CEO and noticed at the following Board meeting. Current Board members will be required to comply with this requirement by the January 2009 Board meeting.

The online ethics training course is available at <http://ag.ca.gov/ethics/>.

CALIFORNIA EXPOSITION & STATE FAIR
Horse Racing Committee Meeting Minutes
Friday, January 30, 2009
9:00 a.m.

MINUTES

Committee Members Present:

Steve Beneto, Chair
Director Gil Albiani
Director Bert Johnson

Staff Present:

General Manager/CEO (GM)
Deputy General Manager (DGM)
Assistant General Manager, Racing (AGM)
Assistant General Manager, Programs (AGM)
Assistant General Manager, Fiscal Services AGM)
Admissions & Parking Manager
Recording Secretary

Norb Bartosik
Brian May
Dave Elliott
Patricia Garamendi
Amy Casias
Marcia Shell
Linda Contreras

Others Present:

California Harness Horsemen Association
California Harness Horsemen Association
California Harness Horsemen Association
California Harness Horsemen Association
Veterinarian

Christopher Schick
Jim Perez
Rocky Stidham
Dave Haness
Gary Budahn, DVM

Chair Beneto called the meeting to order at 9:05 a.m.

MATTERS OF INFORMATION

1. Staff Reports

AGM Elliott reviewed his report included in the Board packet.

PUBLIC COMMENTS

Christopher Schick, California Harness Horsemen Association

Mr. Schick reported concerns with the reduction of racing dates. The decision by the Committee last June to race the better horses and the development of a new horse incentive program is keeping harness racing alive at Cal Expo. The incentive program resulted in 90 new horses racing at Cal Expo. The goal from this point forward is retaining the current horse population through the Fall meet.

Rocky Stidham, California Harness Horsemen Association

Mr. Stidham reported to the Committee that horsemen are suffering financially and there is concern that the demise of racing at Cal Expo is near. The horsemen are looking for help from Cal Expo in the form of higher purses and four day a week racing schedule.

Dave Haness, California Harness Horsemen Association

Mr. Haness reported that the horsemen and Cal Expo are in a partnership and Cal Expo needs to help the horsemen thrive and succeed. Four day a week racing would help.

Gary Budahn, DVM

Dr. Budahn believes attitude dictates performance. Cal Expo needs to promote harness racing to increase attendance to achieve larger handles.

Chair Beneto thanked them for their comments and will take their concerns into consideration and discuss with the Committee and Staff.

ADJOURNMENT

The Horse Racing Committee meeting adjourned at 9:50 a.m.

CALIFORNIA EXPOSITION & STATE FAIR

Finance & Audit Committee Meeting Minutes
Friday, January 30, 2009
9:30 a.m.

MINUTES

Committee Members Present:

Director Marko Mlikotin
Director Marilyn Hendrickson
Director Corny Gallagher

Committee Member Absent:

Rick Stacey, Chair

Staff Present:

General Manager/CEO (GM)
Deputy General Manager (DGM)
Assistant General Manager, Fiscal Services (AGM)
Assistant General Manager, Racing (AGM)
Assistant General Manager, Marketing &
Public Relations (AGM)
Assistant General Manager, Programs (AGM)
Admissions & Parking Manager
Exhibits Supervisor
Contracts Manager
Recording Secretary

Norb Bartosik
Brian May
Amy Casias
Dave Elliott
Erica Manuel

Patricia Garamendi
Marcia Shell
Greg Kinder
Jan Risso
Linda Contreras

Others Present:

Mixed Media
LED Partners

Randy Hollister
Tom Langeland

Director Gallagher called the meeting to order at 9:50 a.m. and read the Mission Statement and Public Comments. Introductions of Guests and Staff were made around the room. Chair Stacey had asked to be excused and was not present.

Director Gallagher reported on the economy and the challenges for the State of California.

Motion:

It was moved by Director Hendrickson and seconded by Director Mlikotin to accept and recommend to the Board for approval, the December 12, 2008 Finance & Audit Committee Meeting Minutes. Discussion followed.

Director Mlikotin requested that the finance related goals for 2009 be brought to the Committee on a monthly basis for discussion. **All in favor, motion carried.**

NEW BUSINESS

1. Review 2009 Budget Summary

AGM Casias distributed the 2009 Budget Summary for the Committee's review. A copy is attached and made part of the record.

The Committee asked that the monthly financial reports include trend indicators in the different expense and revenue categories compared to budget. There was a consensus that trend indicators are of greater importance to the overall budget analysis than the financial statements on a monthly basis.

Cash today is at \$2.4 million compared to a forecast of \$1.8 million.

GM Bartosik reported to the Committee that Cal Expo will have to comply with the Governor's furlough program. Additional information will be brought to the Committee next month.

2. Policy on Accounts Receivables Aging

Motion:

It was moved by Director Mlikotin and seconded by Director Hendrickson to table the Policy on Accounts Receivables Aging and bring back to the Committee next month. **All in favor, motion carried.**

3. Monthly Financial Statements November 2008

AGM Casias reviewed the monthly financial statements with the Committee.

Motion:

It was moved by Director Hendrickson and seconded by Director Mlikotin to accept and recommend to the Board for approval the monthly financial statements for November 2008. **All in favor, motion carried.**

MATTERS OF INFORMATION

1. Accounts Receivable Report

AGM Casias reviewed the Accounts Receivable Report with the Committee. AGM Casias reported that LED Partners is having the money wired to Cal Expo for payment. The Sacramento County Fair has paid.

2. Purchases/Contracts Requiring Board Approval
3. Purchases/Contracts Requiring Board Notification

Motion:

It was moved by Director Mlikotin and seconded by Director Hendrickson to accept and recommend to the Board for approval the Purchases/Contracts Requiring Board Approval. **All in favor, motion carried.**

ADJOURNMENT

The Finance & Audit Committee meeting adjourned at 10:40 a.m.

California Exposition & State Fair 2009 Budget Summary

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Revenue Highlights:

State Fair-

- Due to the uncertainty in the economy the 2009 budget is based on paid attendance of 500,000 people, a decrease of 7.5%.
- Budgeted average ticket price is \$9.88, which translates to a \$2 increase in gate admissions, increasing general admission this year to \$12. It also accounts for a discounting program, including the Poppy Pak.
- Year round parking increases to \$10.
- All other revenue is decreased a minimum of 10% with sponsorship revenue budgeted down by 24% to \$1.9 million.
- Increase in entry fees of \$2-\$4 in Youth Exhibits and Industrial Education.
- Budgeted average revenue (Cal Expo only) per attendee is as follows: Admissions-\$9.88, Food & Beverage-\$3.81, Carnival-\$2.15, Parking, \$2.94

Interim-

- Due to declining attendance at events, budgeted revenue was decreased by 15% before parking increase.
- Simulcast revenue budget was decreased 10%
- Budgeted revenue for ATM surcharge
- All other revenue budgeted down at least 10%

Expense Highlights:

- Elimination of 16 vacant budgeted full time positions, total now at 87. \$1,000,000 savings.
- Reduction of temporary labor of approximately 10%.
- Reduction in Big Name entertainment of \$100,000
- Reduction in other entertainment stages-\$60,000
- Elimination of funding for Bull Fest and Cattlemen's Day Programming-\$110,000
- Decrease in funding for floriculture and state fair funding-\$140,000
- Elimination of funding for petting farm, it will no longer be free admission-\$22,000
- Decrease in deferred maintenance and capital improvements-\$536,000
- Budgeted increases include: fuel-\$30,000, Legal fees-\$100,000, Insurance-\$27,000, Property Insurance-\$55,000, COLA 7/1/08-\$156,000

CALIFORNIA EXPOSITION & STATE FAIR

State Fair, Agriculture & Marketing Committee Meeting Minutes
Friday, January 30, 2009
10:30 a.m.

MINUTES

Committee Members Present:

Gil Albiani, Chair
Director Amparo Pérez-Cook
Director Marko Mlikotin
Director Kathy Nakase

Committee Members Absent:

Staff Present:

General Manager/CEO (GM)
Deputy General Manager (DGM)
Assistant General Manager, Programs (AGM)
Assistant General Manager, Marketing &
Public Relations (AGM)
Assistant General Manager, Fiscal Services (AGM)
Admissions & Parking Manager
Sponsorship Sales
Chief of Police
Contracts Manager
Programs Assistant
Exhibits Supervisor
Special Events Coordinator
Recording Secretary

Norb Bartosik
Brian May
Patricia Garamendi
Erica Manuel

Amy Casias
Marcia Shell
Brian Honebein
Robert Craft
Jan Risso
Tomme Jo Dale
Greg Kinder
Tina Novoa
Linda Contreras

Others Present:

Runyon Saltzman & Einhorn

Jane Einhorn

Chair Albiani called the meeting to order at 10:45 a.m. and introduced the Committee members present. Chair Albiani read the Mission Statement and Public Comments.

MATTERS OF INFORMATION

1. Staff Reports

AGM Garamendi reviewed her report included in the Board packet.

AGM Manuel reviewed her report included in the Board packet.

Sponsorship Sales, Brian Honebein provided an update. Auto manufacturers are looking to reduce their sponsorship level. Brian will produce a monthly written report for this Committee and for the Finance & Audit Committee.

AGM Manuel distributed some Marketing and Public Relations ideas that staff is working on. A copy is attached and made part of the record.

The Committee asked to review the 2009 Grape & Gourmet budget at the February meeting.

Runyon Saltzman & Einhorn team members were introduced by Jane Einhorn. Account Manager, Courtney Pasqual and Account Supervisor, Jennifer Castleberry presented the main objectives and strategies for this year's State Fair campaign.

Media Director, Shelly McMenamy, reviewed the media plan "Let Yourself Go".

A creative presentation was made by Associate Creative Director, John Sulkin and Peter Norris.

The Committee was pleased with the direction of the campaign.

The presentation of the State Fair Campaign will be brought back to the Board at the February meeting.

A copy of presentation elements is available upon request.

ADJOURNMENT

The State Fair, Agriculture and Marketing Committee meeting adjourned at 11:55 a.m.

DISCOUNTS & PROMOTIONS

1. Unlimited Ride Wristbands: \$28 in advance, \$30 weekdays, \$35 weekends.
2. Kids Day Tuesdays: \$1 rides on Tuesdays, all day, FREE admission for ages 12 and under.
3. Senior Days (Fridays): \$6 before 6 pm for ages 62 and older.
4. Fun 4 All Day: FREE admission for select disabled groups on 1 day.
5. Fun Fair Combo Pass: Season pass to Raging Waters and State Fair for a deep discount. Sales begin in May 2009.

AWARENESS/PR

1. Business Incentive Program: Provide ticket incentive for businesses that help promote the State Fair.
2. Engage community partners year round to support interim events business and State Fair ticket sales. Work with Interim Events sales team to support staffing constraints.

REVENUE PRODUCING IDEAS

1. Holiday Poppy Pak Sales: Sold 715 Poppy Paks from 12/15/08 – 1/15/09.
2. Grape & Gourmet: Restructured event could provide new sponsorship opportunities, especially over a 3-year program.
3. Website Sponsorship: Consider premium sponsorships (not more than 3) at our website.
4. Wine Magazine Ad Sales: Identify select non-wine partners to participate; reduce editorial hard costs.
5. Support Horseracing: More advertising, attendance driving promotions to increase handle.
6. School Fundraiser program: Donate a percentage of profits to local schools based on online sales and State Fair attendance. Higher attendance = greater pool of funding.
7. Focus on the Hispanic market and other recession proof demographics.
8. Continue to focus on increased corporate sales sites.

CALIFORNIA EXPOSITION & STATE FAIR

Executive Committee Meeting Minutes
Friday, January 30, 2009
11:30 a.m.

MINUTES

Committee Members Present:	Amparo Pérez-Cook, Chair Director Steve Beneto Director Rex Hime Director Gil Albiani
Staff Present:	
General Manager/CEO (GM)	Norb Bartosik
Deputy General Manager (DGM)	Brian May
Recording Secretary	Linda Contreras
Others Present:	
Legislative Advocate	Norm Towne

Chair Pérez-Cook called the meeting to order at 12:00 p.m.

NEW BUSINESS

1. Review Staff & Legal Recommendations on Ray Cammack Shows Termination Agreement

An agreement could not be reached on the operation of the Skyride.

Motion:

It was moved by Director Hime and seconded by Director Albiani to accept and recommend to the Board for approval the Ray Cammack Shows Termination Agreement as modified without the Skyride. **All in favor, motion carried.**

2. Review Staff & Legal Recommendations on Butler Amusements Agreement

GM Bartosik reviewed the draft agreement with Butler Amusements.

Motion:

It was moved by Director Albiani and seconded by Director Beneto to accept and recommend to the Board for approval the Butler Amusements Agreement. **All in favor, motion carried.**

3. Review Proposed American River Parkway Plan and Proposed Amendments to the Bushy Lake Preservation Act

Legislative Advocate, Norm Towne, reported that the American River Parkway Plan has been adopted by the cities of Sacramento, Rancho Cordova and the County of Sacramento and will be forwarded to the Legislature for adoption.

An amendment of the Bushy Lake Preservation Act is required to conform to the American River Parkway Plan. Currently, we're happy with the language in the bill.

No action by the Committee is required.

MATTERS OF INFORMATION

1. Staff Reports

a. Legislative Update

Legislative Advocate, Norm Towne, reported Western Fairs Association is working on an economic stimulus package for Fairs which would include capital improvement money for Cal Expo. Legislation may be introduced this session.

b. Property & Real Estate Update

Director Hime reported on a video conference meeting last week with the NBA and their representatives for an update on a new master plan and economic analysis for the redevelopment of Cal Expo. The goal is to wrap up the work in time to make a presentation to the Board at its February 27 meeting. Cal Expo has retained Gruen & Gruen to do a peer review of the work being done by the NBA's economists

ADJOURNMENT

The Executive Committee meeting adjourned at 12:30 p.m.